

**SUBCHAPTER 451**

**AWARDS**

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**SUBCHAPTER 451**  
**AWARDS**

- References:**
- (a) DoD Directive 1400.25, "DoD Civilian Personnel Management System," November 25, 1996
  - (b) Title 5, Code of Federal Regulations, Parts 430, 451, 531 and 534
  - (c) Chapters 12, 21, 33, 43, 45, 53 and 71 of title 5, United States Code
  - (d) Section 1124 of title 10, United States Code
  - (e) Executive Order 10717, "The President's Award for Distinguished Federal Civilian Service," June 27, 1958, as amended
  - (f) Executive Order 9586, "Medal of Freedom," July 6, 1945, as amended
  - (g) Executive Order 11494, "Establishing the Presidential Citizens Medal," November 13, 1969
  - (h) Executive Order 10431, "National Security Medal," January 19, 1953
  - (i) DoD Instruction 1416.4, "Quality Step Increases for Employees Subject to the Classification Act of 1949," March 4, 1963 (hereby canceled)
  - (j) DoD Instruction 5010.39, "Work Force Motivation," November 16, 1984 (hereby canceled)
  - (k) DoD Instruction 5120.16, "Department of Defense Incentive Awards Program: Policies and Standards," July 15, 1974, as amended (hereby canceled)
  - (l) Assistant Secretary of Defense (Force Management & Personnel) Memorandum, "Department of Defense Implementation Plan for Time Off as an Incentive Award," June 12, 1992, as amended (hereby canceled)
  - (m) DoD Directive 1432.2, "Honorary Awards to Private Citizens and Organizations," February 28, 1986 (canceled)
  - (n) DoD Directive 5120.15, "Authority for Approval of Cash and Honorary Awards for DoD Personnel," August 12, 1985 (canceled)
  - (o) DoD 7000.14-R, "Department of Defense Financial Management Regulation," Volume 8, "Civilian Pay Policy and Procedures," June 1994, authorized by DoD Instruction 7000.14, "DoD Financial Management Policy and Procedures," November 15, 1992

**A. PURPOSE**

This Subchapter implements DoD policies under references (a) through (c) and delegates authority, assigns responsibility, and establishes requirements for awards and awards programs for civilian employees within the Department of Defense. Additionally, this Subchapter establishes DoD-level awards for private citizens, groups or organizations, provides guidance for awards established by Components for private citizens and others, provides guidance for awards to military personnel under reference (d) above and issues procedures to be observed by Components in recognizing or recommending to the Secretary of Defense civilian employees or others for Presidential-level awards established under references (e) through (h). This subchapter also cancels references (i) through (l) and supersedes references (m) and (n).

## **B. POLICY**

1. It is DoD policy under DoD Directive 1400.25 (reference (a)) to encourage the full participation of DoD personnel at all levels in improving Government operations and, under references (a) through (h) to pay cash awards, grant time-off, or incur necessary expenses for the honorary and informal recognition of DoD personnel, either individually or as a member of a group, on the basis of:

a. A suggestion, invention, productivity gain, superior accomplishment, or other personal effort that contributes to the efficiency, economy, or other improvement of Government operations or achieves a significant reduction in paperwork;

b. A special act or service in the public interest in connection with or related to official employment; or,

c. Performance as reflected in the employee's most recent rating of record as defined by 5 CFR 430.203 (reference (b)).

2. Awards under this Subchapter shall be granted consistent with Equal Employment Opportunity and Affirmative Employment Program policies and shall be free from discrimination regardless of race, color, religion, age, sex, national origin, or disability.

3. Awards programs for civilian employees shall involve employees or their representatives in program development and implementation as appropriate. The method of involvement shall be in accordance with applicable law.

4. Policies and standards governing awards for which both DoD civilian and military personnel are eligible shall be applied equitably to the extent consistent with applicable law and regulation.

5. Awards granted under this Subchapter shall be subject to applicable tax rules.

6. Awards granted under this Subchapter shall be given due weight in qualifying and selecting an employee for promotion as required by 5 U.S.C. 3362 (reference (c)).

7. Awards which are separate from awards and awards programs created to recognize civilian employees may be established to recognize private citizens, groups and organizations that significantly assist or support DoD functions, services or operations performed as a public service. Such awards shall be established and administered consistent with Section O of this Subchapter.

## **C. DEFINITIONS**

1. **Award**. Something bestowed or an action taken to recognize and reward individual or team achievement that contributes to meeting organizational goals or improving the efficiency, effectiveness, and economy of the Government or is otherwise in the public interest. Such awards

include, but are not limited to, employee incentives that are based on predetermined criteria such as productivity standards, performance goals, measurements systems, award formulas, or payout schedules.

2. **Award Program**. The specific procedures and requirements established in a DoD Component for granting awards under 5 CFR 451 (reference (b)) and this Subchapter.

3. **Monetary Award**. An award in which the recognition device is a cash payment that does not increase the employee's rate of basic pay.

4. **Non-Monetary Award**. An award in which the recognition device is not a cash payment or time-off as an award but rather an award of a honorific value, e.g. a letter, certificate, medal, plaque or item of nominal value.

5. **Time-Off Award**. An award in which time-off from duty is granted without loss of pay or charge to leave and for which the number of hours granted is commensurate with the employee's contribution or accomplishment.

6. **Tangible Benefit**. Savings to the Government that can be measured in terms of dollars.

7. **Intangible Benefit**. Savings to the Government that cannot be measured in terms of dollars.

#### **D. AWARD RESTRICTIONS**

1. **Limitations of Awards During a Presidential Election Year**. Components shall not grant awards under the conditions set forth under 5 CFR 451.105 (reference (b)). This applies to monetary and time-off awards. However, non-monetary awards such as certificates, plaques and items of a similar nature are permitted provided that the form of the non-monetary award avoids the appearance of replacing a bonus. As non-monetary awards may take a wide variety of forms with a wide variance, both in terms of direct costs and the appearance of such value, recognition by non-monetary award should create the inherent impression of symbolic value (an honor being bestowed) rather than monetary worth (cash value).

2. **Prohibition of Cash Award to Executive Schedule Officers**. DoD Components shall not grant cash awards under the conditions set forth under 5 CFR 451.105 (reference (b)).

#### **E. ELIGIBILITY**

1. **General**. Civilian employees who meet the definition of "employee" under 5 U.S.C. 2105 (reference (c)) are eligible to receive awards under this Subchapter. Unless otherwise provided, under 10 U.S.C. 1124 (reference (d)) members of the Armed Forces are eligible to be paid monetary awards for only suggestions, inventions, and scientific achievements. Performance awards may be paid to Senior Executive Service (SES) employees only under

5 CFR 534.403 (reference (b)) and not on the basis of this Subchapter. Private citizens and organizations may be recognized for significant contributions to the Department with non-monetary awards only.

2. **Former Employees.** Under 5 CFR 451.104 (reference (b)), awards for contributions made by an individual when employed by the Department of Defense may be paid to a former employee or to the estate or legal heirs of a deceased employee. Awards to separated or deceased members of the Armed Forces for contributions made while the member was on active duty may be paid to the former member or to the member's estate or legal heirs.

3. **Non-Appropriated Fund Employees.** Employees paid with nonappropriated funds are not eligible to receive monetary awards paid from appropriated funds but may receive non-monetary awards under this subchapter.

4. **Foreign National Employees**

a. A foreign national individual who meets the definition of employee as defined under 5 U.S.C. 2105 (reference (c)) and is paid with U.S. funds, i.e. direct hire employee, is eligible to receive awards under this Subchapter.

b. A foreign national individual who is paid on a cost reimbursable basis by agreement with a foreign country, i.e. indirect hire employee, is not eligible to receive monetary awards but may receive non-monetary awards under this Subchapter.

**F. RESPONSIBILITIES**

1. The **Assistant Secretary of Defense for Force Management Policy (ASD(FMP))** shall:

a. Issue DoD-wide policies and procedures governing the establishment and administration of awards and awards programs;

b. Review and, if merited, forward to the Director of the Office of Personnel Management (OPM) recommendations for awards that would grant more than \$10,000 to an individual employee;

c. Review and approve or disapprove, as appropriate, a recommendation for an award of more than \$10,000 for a suggestion, invention, or scientific achievement by members of the Armed Forces, regardless of the number of individuals who may share therein;

d. Review and endorse, if appropriate, DoD Component recommendations for honorary Presidential-level awards; and,

e. Establish DoD-level awards and awards programs and delegate administration of such programs where appropriate.

2. The **Director of Administration and Management (Office of the Secretary of Defense) (DA&M)** shall work jointly with the ASD(FMP) in the development and establishment of DoD-level awards and shall administer the DoD-level civilian honorary awards program.

3. The **Deputy Assistant Secretary of Defense for Civilian Personnel Policy (DASD(CPP))** shall:

- a. Recommend DoD-wide policies and procedures governing the establishment and administration of awards and awards programs;
- b. Evaluate the implementation and effectiveness of DoD Components' award program(s) and make recommendations as may be necessary; and,
- c. Coordinate DoD-wide awards information.

4. The **Heads of the DoD Components** shall:

- a. Ensure the development, implementation, application, and evaluation of one or more awards programs for employees covered under this Subchapter;
- b. Ensure funds are obligated consistent with applicable DoD Component financial management controls and delegations of authority;
- c. Ensure that awards programs do not conflict with or violate any other law or Government-wide regulation;
- d. Ensure that criteria for awards do not discriminate against individuals on the basis of race, color, religion, age, sex, national origin, or disability;
- e. Endorse to the ASD(FMP) for review or approval recommendations for awards that would grant more than \$10,000 to a single civilian employee; and,
- f. Endorse to the ASD(FMP) for review and approval recommendations that would result in an award of more than \$10,000 for a single contribution by members of the armed forces, regardless of the number of individuals entitled to share therein.

#### **G. AWARD PROGRAM REQUIREMENTS**

The establishment, administration or operation of award programs shall provide for:

- 1. Reviewing award recommendations for which approval authority has not been delegated to officials at lower levels within the organization;
- 2. Communicating the relevant parts of award programs to managers, supervisors, and employees;

3. Evaluating and assessing awards and award program(s) to ensure that awards: (1) are used to motivate, recognize, and reward eligible personnel; (2) exhibit a close, demonstrable link between performance, accomplishment, or contribution to DoD Component goals and objectives and the receipt of an award; and (3) are granted commensurate with the value of the employee's contribution or accomplishment;

4. Documenting all cash and time off awards in compliance with 5 CFR 451.106(e) (reference (b)); filing award documents in compliance with the requirements of 5 CFR 451.106(f) (reference (b)); reporting awards data to the Central Personnel Data File (CPDF) in compliance with 5 CFR 451.106(g) (reference (b)) or reporting awards data as required by OPM on an as needed basis; reporting cash awards for military members as required in section H.4.c. below; and following appropriate DoD financial management regulations on civilian pay policies and procedures under DoD 7000.14-R (reference (o));

5. Granting quality step increases consistent with the provisions of 5 CFR 531 Subpart E (reference (b)) and Section J, "Quality Step Increases", of this Subchapter.

6. Documenting justification for awards that are not based on a rating of record under 5 CFR 451.103 (reference (b)); and,

7. Developing guidelines requiring managers and supervisors to demonstrate involvement in equal employment opportunity-related activities to receive awards, as appropriate.

## **H. MONETARY AWARDS**

### **1. General.** Under 5 U.S.C. 4502 (reference c)

a. A monetary award is in addition to the regular pay of the recipient;

b. Acceptance of a monetary award constitutes an agreement that the use by the Government of an idea, method, or device for which an award is made does not form the basis of a further claim of any nature against the Government by the employee, his or her legal heirs, or assigns; and

c. A monetary award to, and the expense for the honorary recognition of, an employee may be paid from the fund or appropriation available to the activity primarily benefiting or the various activities benefiting.

**2. Awards to Other Agency or Component Personnel.** For awards approved for employees of other Federal agencies or other DoD Components, the Component(s) that benefits shall make arrangements to transfer funds to the individual's employing Component or agency. If the administrative costs of transferring funds would exceed the amount of the award, the Component employing the individual shall absorb the costs and pay the award.

3. **Calculation of Savings.** Tangible savings shall be calculated on the basis of estimated net savings for the first full year of operation. Exceptions may be made in the case where an improvement with a high installation cost will yield measurable savings continuing more than one year. In this instance, the award may be based on the average annual net savings over a period of several years. The years may not exceed the reasonable life of the initial installation or the clearly predictable period of use, whichever is shorter.

4. **Awards to Military Members**

a. Under 10 U.S.C. 1124 (reference (d)), the total amount of the monetary award made for a suggestion, invention, or scientific achievement may not exceed \$25,000, regardless of the number of persons who may be entitled to share therein.

b. Under 5 CFR 451.104 (reference (b)), funds shall be transferred to the DoD Component having jurisdiction over the member.

c. Cash awards for military members shall be reported annually to the DASD(CPP) consistent with instructions on a DD Form 1609. The reporting requirements for military personnel are assigned DD-MA(A) 1345.

5. **Examples of Awards Scales.** Appendices C and D are models of awards scales based upon tangible and intangible benefits.

**I. PERFORMANCE-BASED CASH AWARDS**

Under 5 U.S.C. 4505a reference (c)),

1. Monetary awards may be granted to an employee whose most recent rating was at Level 3 (fully successful level or equivalent) or higher, as defined in 5 CFR 430.208 (reference (b));

2. An award granted under this section may not exceed 10 percent of the employee's annual rate of basic pay, except that the Component Head may determine that exceptional performance by the employee justifies an award exceeding 10 percent and may authorize an award up to 20 percent of the employee's annual rate of basic pay. For an award that is paid as a percentage of basic pay, the rate of basic pay shall be determined without taking into account any locality-based comparability, special law enforcement adjustment, or interim geographic adjustment;

3. Employees may not appeal a decision not to grant an award or the amount of the award paid under this section. This does not extinguish or lessen any right or remedy under Chapter 12, Subchapter II of 5 U.S.C. (reference (c)) or Chapter 71 of 5 U.S.C. (reference (c)), or any of the laws referred to in 5 U.S.C. 2302 (reference (c)); and

4. Awards granted under this section shall be paid as a lump sum and may not be considered to be part of the basic pay of an employee.



## **J. QUALITY STEP INCREASES**

1. A quality step increase may be granted consistent with 5 U.S.C. 5336 (reference (c)) and 5 CFR 531 Subpart E (reference (b)). Under these references, a quality step increase is in addition to a periodic step increase under section 5335 of reference (c). It provides an incentive and recognition of high quality performance above that ordinarily found in the type of position concerned by granting faster than normal step increases. An employee is eligible for only one quality step increase within any 52 week period.

2. Under section 531.504 of reference (b), an employee covered by a performance appraisal program established under part 430, subpart B of reference (b) must receive a rating of record of Level 5 (“Outstanding”) (or equivalent) as defined in Section 430.208 (reference (b)) in order to be eligible for a quality step increase. An employee covered by a performance appraisal program that does not use a Level 5 summary level must receive a rating of record at the highest summary level under the program and must demonstrate sustained performance of high quality significantly above that expected at the Level 3 (“Fully Successful” or equivalent) level in the type of position concerned as determined under component established performance-related criteria. As quality step increases become part of base pay, the grant of a quality step increase should be based on performance which is characteristic of the employee’s overall high quality performance and the expectation that this high quality performance will continue in the future.

3. Quality step increases shall be reported to the Central Personnel Data File consistent with 5 CFR 531.507(b) (reference (b)).

## **K. SUGGESTION AWARDS**

### **1. General**

a. To be considered for an award, a suggestion must:

(1) Identify an improvement in the quality of operations, a cost reduction opportunity, or an improvement in the timeliness of service delivery that results in tangible or intangible benefits to the U.S. Government; and,

(2) Be adopted in whole or in part for implementation. The suggestion should set forth a specific proposed course of action to achieve the improvement or cost reduction.

b. Ideas or suggestions that point out the need for routine maintenance work, recommend enforcement of an existing rule, propose changes in housekeeping practices, call attention to errors or alleged violations of regulations, or result in intangible benefits of “good will” are not eligible for consideration.

c. DoD personnel who make suggestions concerning improvement of materials or services purchased from a contractor may be paid a monetary award only if the improvement results in tangible benefits or intangible benefits to the Government. The suggestion must be

processed through Government channels to identify correctly the origin of the proposal and the benefits to the Government. Government employees or members of the Armed Forces shall not be paid awards based upon benefits to the contractor.

## **2. Award Amounts and Financing**

a. Awards for suggestions shall be based upon tangible or intangible benefits or a combination thereof.

b. When a suggestion is adopted by another organization, the benefiting organization shall share in the cost of the total award commensurate with the benefit. The suggester's organization will notify the benefiting organization(s) of the amount due and the benefiting organization(s) shall take prompt action to transfer the funds.

## **L. INVENTIONS**

### **1. General**

a. DoD Component offices responsible for patent matters shall determine that the invention is of value or potential value to the Department of Defense and that the invention was made under circumstances that resulted in the Government initiating action to obtain the title or license.

b. To be considered for an award, the DoD Component's office for patent matters shall verify to the appropriate award's office that conditions in section L.1.a., above, have been met.

c. If the conditions under paragraph L.1.a. above, are not met, but the invention is determined to be of value to the Department of Defense and the inventor consents to consideration for an award, the inventor will be required to sign a claim waiver agreement to be paid an award.

### **2. Award Payments**

a. Eligible personnel may be paid a nominal initial monetary award and an additional monetary award when the patent covering the invention is issued.

b. If an application for a patent is placed under a secrecy order, the individual will become eligible for the additional award when a Notice of Allowability of the application is issued by the U.S. Patent Office instead of issuance of a patent.

c. Awards under this section are not authorized if a monetary award has been paid for the same contribution as a suggestion.

## **M. HONORARY AWARDS**

1. DoD Components shall not title a Component established award or award program “Department of Defense” or “Secretary of Defense,” either in whole or in part.
2. Honorary awards to DoD personnel may be granted independently or in addition to a monetary or a time-off award.
3. Appendix A lists DoD-level honorary awards for which career civilian employees may be eligible. It also lists Presidential-level awards for which both civilian employees, military members and private citizens may be eligible.

## **N. TIME-OFF AWARDS**

1. **General.** Time-off awards are an alternate means of recognizing the superior accomplishments of employees with other than monetary or non-monetary awards. Decisions to grant time-off awards shall be based upon the same criteria or circumstances as for any other incentive award. Time-off awards shall not be granted to create the effect of a holiday or treated as administrative excusals or leave; i.e. they shall not be granted in conjunction with a military “down” or “training” day or the like which would grant the entire civilian employee population, or a majority of the civilian population, a time-off award to be used on a specified day. Though time-off awards may not have an immediate budget consequence, supervisors and managers shall consider fully wage costs and productivity loss when granting time-off awards and shall ensure that the amount of time-off granted as an award is commensurate with the individual’s contribution or accomplishment.

### **2. Award Amount Limits**

a. The amount of time off granted to any one individual in any one leave year should not exceed 80 hours. For part-time employees or those with an uncommon tour of duty, total time off granted during any calendar year should be based on the average number of hours of work generally worked during a two-week period.

b. The amount of a time-off award granted to an individual for a single contribution should not exceed 40 hours. For part-time employees or those with an uncommon tour of duty, the maximum award for any single contribution should be one-half of the amount of time that would be granted during the year.

3. **Time Limit to Use Award.** Time off granted as an award should be scheduled and used within one year after the effective date of the award.

4. **Conversion to Cash Award.** Under 5 CFR 451.104 (reference (b)), a time-off award shall not be converted to a cash payment under any circumstances.

5. **Portability**. A time-off award shall not be transferred between DoD Components. Managers and supervisors should make every effort to ensure that the employee is able to use the time-off award before he or she leaves the granting Component.

## **O. AWARDS FOR PRIVATE CITIZENS AND ORGANIZATIONS**

1. **General**. Private citizens, groups, and organizations that significantly assist or support DoD functions, services, or operations may be recognized to demonstrate the interest of DoD management in improving efficiency and effectiveness, and to encourage citizens and organizations in their efforts to assist in the accomplishment of DoD missions. The awards shall be honorary only. Appendix B lists DoD-level awards for which non-career individuals or private citizens may be eligible.

### **2. Eligibility**

a. Any person, group, or organization, except for those described in paragraph O.2.b., below, may be considered for recognition under this section based on a significant contribution to the Department of Defense performed as a public service.

b. Persons or organizations having a commercial or profitmaking relationship with the Department of Defense or with a DoD Component shall not be granted recognition, unless the contribution is substantially beyond that specified or implied within the terms of the contract establishing the relationship, or the recognition is clearly in the public interest.